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**LOUISIANA SYMPHONY ASSOCIATION****FINANCIAL STATEMENTS****JUNE 30, 2008**

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Release Date 1/28/09

**P&N** Postlethwaite  
& Netterville

A Professional Accounting Corporation

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**LOUISIANA SYMPHONY ASSOCIATION**

**FINANCIAL STATEMENTS**

**JUNE 30, 2008**

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**INDEPENDENT AUDITORS' REPORT**

The Board of Directors  
Louisiana Symphony Association  
Baton Rouge, Louisiana

We have audited the accompanying statements of financial position of the Louisiana Symphony Association (not-for-profit organization) as of June 30, 2008 and 2007, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Symphony Association as of June 30, 2008 and 2007, and the results of its activities and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2008, on our consideration of the Louisiana Symphony Association's internal controls over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

*Postlethwaite & Netterville*

Baton Rouge, Louisiana  
November 24, 2008

**LOUISIANA SYMPHONY ASSOCIATION**  
**BATON ROUGE, LOUISIANA**

**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2008 AND 2007**

**ASSETS**

	<u>2008</u>	<u>2007</u>
<b><u>CURRENT ASSETS</u></b>		
Cash and cash equivalents	\$ 50,287	\$ 203,859
Restricted cash - LYO	26,283	23,603
Investments	98,545	140,622
Receivables - other	49,892	91,197
Prepaid expenses and other assets	<u>1,823</u>	<u>5,804</u>
Total current assets	226,830	465,085
<b><u>ENDOWMENT INVESTMENTS</u></b>	375,000	375,000
<b><u>BENEFICIAL INTEREST IN BR SYMPHONY LEAGUE</u></b>	87,359	42,078
<b><u>PROPERTY AND EQUIPMENT, NET</u></b>	<u>105,425</u>	<u>64,166</u>
Total assets	<u><u>\$ 794,614</u></u>	<u><u>\$ 946,329</u></u>

**LIABILITIES AND NET ASSETS**

<b><u>CURRENT LIABILITIES</u></b>		
Accounts payable	\$ 29,875	\$ 39,483
Accrued expenses	4,516	12,414
Deferred revenues:		
Ticket sales for concerts	<u>192,709</u>	<u>249,502</u>
Total liabilities	<u>227,100</u>	<u>301,399</u>
<b><u>NET ASSETS</u></b>		
Unrestricted	28,384	117,221
Temporarily restricted	164,130	152,709
Permanently restricted	<u>375,000</u>	<u>375,000</u>
Total net assets	<u>567,514</u>	<u>644,930</u>
Total liabilities and net assets	<u><u>\$ 794,614</u></u>	<u><u>\$ 946,329</u></u>

The accompanying notes are an integral part of these financial statements.

**LOUISIANA SYMPHONY ASSOCIATION**  
**BATON ROUGE, LOUISIANA**

**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED JUNE 30, 2008 AND 2007**

	2008			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b><u>SUPPORT AND REVENUE</u></b>				
Concerts	\$ 578,468	\$ -	\$ -	\$ 578,468
Contributed services	183,827	-	-	183,827
Government	143,000	-	-	143,000
Annual fund contributions	266,904	36,000	-	302,904
Sponsorships	374,135	-	-	374,135
Investment income	7,869	13,750	-	21,619
Special events	-	-	-	-
Other	58,883	2,681	-	61,564
Change in net assets of League	140,281	-	-	140,281
Total support and revenue	1,753,367	52,431	-	1,805,798
Net assets released from restriction	41,010	(41,010)	-	-
Total revenues and other support	1,794,377	11,421	-	1,805,798
<b><u>EXPENSES</u></b>				
Program expenses	1,149,393	-	-	1,149,393
Marketing	270,027	-	-	270,027
Development	51,984	-	-	51,984
General and administrative expenses	411,810	-	-	411,810
Total expenses	1,883,214	-	-	1,883,214
<b>CHANGE IN NET ASSETS</b>	(88,837)	11,421	-	(77,416)
<b><u>NET ASSETS</u></b>				
Beginning of year	117,221	152,709	375,000	644,930
End of year	\$ 28,384	\$ 164,130	\$ 375,000	\$ 567,514

The accompanying notes are an integral part of these financial statements.

2007

Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 575,654	\$ -	\$ -	\$ 575,654
203,922	-	-	203,922
147,000	-	-	147,000
268,282	159,417	-	427,699
505,746	-	-	505,746
22,110	21,429	-	43,539
58,066	-	-	58,066
73,398	9,645	-	83,043
(5,952)	-	-	(5,952)
<u>1,848,226</u>	<u>190,491</u>	<u>-</u>	<u>2,038,717</u>
<u>51,740</u>	<u>(51,740)</u>	<u>-</u>	<u>-</u>
<u>1,899,966</u>	<u>138,751</u>	<u>-</u>	<u>2,038,717</u>
1,088,933	-	-	1,088,933
312,885	-	-	312,885
114,822	-	-	114,822
386,704	-	-	386,704
<u>1,903,344</u>	<u>-</u>	<u>-</u>	<u>1,903,344</u>
(3,378)	138,751	-	135,373
<u>120,599</u>	<u>13,958</u>	<u>375,000</u>	<u>509,557</u>
<u>\$ 117,221</u>	<u>\$ 152,709</u>	<u>\$ 375,000</u>	<u>\$ 644,930</u>

**LOUISIANA SYMPHONY ASSOCIATION**  
**BATON ROUGE, LOUISIANA**

**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Change in net assets	\$ (77,416)	\$ 135,373
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	8,021	4,610
Unrealized (gain) loss on investments	921	(30,266)
Change in beneficial interest in BR Symphony League	(140,281)	5,952
Other receivables	41,305	(57,174)
Prepaid expenses and other current assets	3,980	28,894
Accounts payable	(9,608)	26,051
Accrued expenses	(7,898)	(1,604)
Deferred revenues	(56,793)	(29,226)
Net cash provided by (used in) operating activities	<u>(237,769)</u>	<u>82,610</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Cash from BR Symphony League	95,000	95,000
Capital expenditures	(49,280)	(52,104)
Proceeds from maturities of investments	165,000	60,000
Maturity of investments	(123,843)	(63,407)
Net cash provided by investing activities	<u>86,877</u>	<u>39,489</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(150,892)</b>	<b>122,099</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b><u>227,462</u></b>	<b><u>105,363</u></b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 76,570</u></b>	<b><u>\$ 227,462</u></b>

The accompanying notes are an integral part of these financial statements.

**LOUISIANA SYMPHONY ASSOCIATION**  
**BATON ROUGE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

1. **Nature of Activities**

The Louisiana Symphony Association (the Association) was founded in 1947 to provide a symphony orchestra with a regional and national profile and to provide educational and cultural enrichment for the people of greater Baton Rouge and the State of Louisiana.

2. **Summary of Significant Accounting Policies**

**Basis of Presentation**

The financial statements of the Association have been prepared on the accrual basis of accounting. The significant accounting policies followed are described to enhance the usefulness of the financial statements to the reader.

The financial statement presentation complies with the Financial Accounting Standards Board's Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Association is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

**Contributions**

The Association complies with the Financial Accounting Standards Board's Statement of Financial Accounting Standards (SFAS) No. 116, *Accounting for Contributions Received and Contributions Made*. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Contributions are recognized when the donor makes a promise to give to the Association that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Unconditional promises to give cash and other assets to the Association are reported at fair value on the date the promise is received.

**LOUISIANA SYMPHONY ASSOCIATION**  
**BATON ROUGE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

2. Summary of Significant Accounting Policies (continued)

Grant Revenue Recognition

Grants which represent exchange transactions are recorded as a receivable when the grant is formally committed. Grants committed at year end which are applicable to the subsequent fiscal period are included in grants receivable and deferred income. Grants which represent contributed support are recognized in the same manner as promises to give.

Deferred Revenue

Deferred revenue represents tickets for concerts that have been sold prior to date of the concert. After the concert is performed, the revenue from the concert will be realized and recorded as revenue. In the event any of the productions are not presented, the advance ticket collections for that concert will be available for refund to the ticket holders.

Volunteer Services

A substantial number of unpaid volunteers have made a significant contribution of service to develop the Association's programs, principally in fund raising activities, operations, and board participation. The value of this service is not reflected in these statements since it does not meet the criteria for recognition.

Restricted and Designated Net Assets

In October 1981, the Association established an endowment trust to be funded by contributions. Unrestricted donor contributions can be used at the Association's discretion. The principal for permanently restricted donor contributions must remain intact. Funds donated with restrictions on principal have been classified as permanently restricted net assets.

Property and Equipment

Property and equipment are stated at cost. Depreciation is computed using straight-line and accelerated methods over the estimated useful lives of the assets.

Income Taxes

The Association is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code; therefore, no provision for income taxes is necessary.

Cash and Cash Equivalents

The Association considers all highly liquid investments with maturities of three months or less at the date of acquisition to be "cash equivalents." Cash and cash equivalents for purposes of the statements of cash flows excludes permanently restricted cash and cash equivalents.

**LOUISIANA SYMPHONY ASSOCIATION**  
**BATON ROUGE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

2. Summary of Significant Accounting Policies (continued)

Accounts Receivable

Accounts receivable, which are made up primarily of sponsorships and advertising contracts, are stated at the amount management expects to collect from balances outstanding at year-end and are determined to be past due based on contractual terms. Based on management's assessment of credit history with clients having outstanding balances and current relationships with them, it has concluded that realization of losses on balances outstanding at year end, if any, will be immaterial.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Investments and Investment Revenues

Investments in equity securities with readily determinable fair values and all investments in debt securities are recorded at fair value, both based on quoted market prices. Unrealized gains and losses are recorded in current year operations as increases or decreases in unrestricted net assets. Dividend, interest, and other investment revenue is recorded as an increase in unrestricted net assets unless the use is restricted by the donor.

Donated investments are recorded at market value at the date of receipt, which is then treated as cost. Realized gains and losses on dispositions are based on the net proceeds and the adjusted cost bases of the securities sold, using the specific identification method. These realized gains and losses flow through the Association's current operations.

Contributed Services

The Association recognizes contribution revenue for certain services received at the fair value of those services, provided those services create or enhance non-financial assets or require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased, if not provided by donation. The value of contributed services meeting the requirements for recognition in the financial statements was \$183,827 and \$203,922 for the years ended June 30, 2008 and 2007, respectively.

**LOUISIANA SYMPHONY ASSOCIATION**  
**BATON ROUGE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

3. Beneficial Interest in Baton Rouge Symphony League

Due to the adoption of Financial Accounting Standard No. 136 (FAS 136), *Transfers of Assets to a Not-for-Profit Organization that Raises or Holds Contributions for Others*, the net assets of the League are treated as a beneficial interest asset on the Association's financial statements. The effect of FAS 136 is for the Association to recognize a beneficial interest in the net assets of the League, similar to the equity method of accounting.

4. Property and Equipment

A summary of property and equipment, accumulated depreciation, and related service lives at June 30th, is as follows:

	<u>Estimated Service Lives</u>	<u>2008</u>	<u>2007</u>
Equipment	3 – 7 years	\$ 49,189	\$ 42,243
Furniture and fixtures	5 – 7 years	16,065	14,570
New piano	20 years	<u>92,750</u>	<u>51,740</u>
		158,004	108,553
Less accumulated depreciation		( 52,579)	( 44,387)
		<u>\$ 105,425</u>	<u>\$ 64,166</u>

5. Investments

Investments, which are recorded at fair value, as of June 30th, are summarized as follows:

	<u>2008</u>	<u>2007</u>
Liquid assets	\$ 158,482	\$ 73,408
Mutual funds	45,709	53,680
Government securities	188,287	298,681
Investments held by Baton Rouge Area Foundation	<u>81,067</u>	<u>89,853</u>
	<u>\$ 473,545</u>	<u>\$ 515,622</u>

**LOUISIANA SYMPHONY ASSOCIATION**  
**BATON ROUGE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

5. Investments (continued)

The following schedule summarizes the investment revenues and their classification in the statements of activities for the years ended June 30, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Interest and dividends	\$ 22,540	\$ 13,273
Realized gains (losses), net	53	5,507
Unrealized gains (losses), net	<u>( 974)</u>	<u>24,759</u>
Total investment income	<u>\$ 21,619</u>	<u>\$ 43,539</u>

6. Note Payable

The Association had an available line of credit totaling \$200,000 and \$150,000 at June 30, 2008 and 2007, respectively, from a financial institution. The line has an interest rate based on 1.5% above the prime rate. The line of credit is unsecured and has no stated maturity date. There was no balance drawn at June 30, 2008 and 2007.

7. Temporarily Restricted Net Assets

Temporarily restricted net assets were available for the following purposes at June 30, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
88 Keys	\$ 102,667	\$ 107,677
Endowment income	35,180	21,429
LYO fundraising	<u>26,283</u>	<u>23,603</u>
	<u>\$ 164,130</u>	<u>\$ 152,709</u>

8. Net Assets Released From Restrictions

Net assets released from donor restrictions for incurring program related expenses satisfying the restricted purposes were as follows for the year ended June 30, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
88 Keys	<u>\$ 41,010</u>	<u>\$ 51,740</u>

**LOUISIANA SYMPHONY ASSOCIATION**  
**BATON ROUGE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

9. Retirement Plan

The Association has an Internal Revenue Code Section 401(K) plan. The plan covers substantially all of the full time employees of the Association. The Association has elected not to match contributions for the years ended June 30, 2008 and 2007.

10. Lease Agreement

The Association signed a lease agreement for their new location in March, 2008. The lease term is for thirty-eight months beginning June 1, 2008, with an option to renew for an additional thirty-six months. The monthly lease amount is \$2,750.

11. Dependence on Contribution Revenue and Grants

The Association is heavily dependent on contribution revenue and grant income to subsidize the cost of concerts and special events. The Association incurred a net loss of \$77,416 during fiscal 2008 and without significant increase in contributions or grant income, is projected to incur another loss for fiscal 2009. Management believes the plans that it has in place will be sufficient for the Association to have enough funds to cover expenses for fiscal 2009.

**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed  
in Accordance with Government Auditing Standards**

The Board of Directors  
Louisiana Symphony Association  
Baton Rouge, Louisiana

We have audited the financial statements of the Louisiana Symphony Association as of and for the year ended June 30, 2008, and have issued our report thereon dated November 24, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Association's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Association's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that misstatement of the Association's financial statements that is more than inconsequential will not be prevented or detected by the Association's internal control.

- 2008-1 As part of the audit process, we have always assisted management in drafting the financial statements and related notes for the year-end audit procedures. The definition of internal control over financial reporting is that policies and procedures exist that pertain to an entity's ability to initiate, record, process, and report financial data consistent with the assertion embodied in the annual financial statements, which for the Association, is that financial statements are prepared in accordance with generally accepted accounting principles (GAAP). Because our involvement is so key to that process, that is an indication that the internal control over financial reporting of the Association meets the definition of a significant deficiency as defined above. This is also noted in the prior year as item 2007-1.

*Management's response: Management agrees with the recommendation, however due to cost constraints no changes will be made at this time. Management will continue to evaluate the preparation of the financial statements and consider the cost-benefit analysis.*

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Association's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and other matters

As part of obtaining reasonable assurance about whether the Association's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the board of directors, management of the Louisiana Symphony Association and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Poollethwaite ; Netterville*

Baton Rouge, Louisiana  
November 24, 2008

**LOUISIANA SYMPHONY ASSOCIATION**  
**BATON ROUGE, LOUISIANA**

**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2008**

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expressed an unqualified opinion on the financial statements of the Louisiana Symphony Association.
2. No material weaknesses relating to the audit of the financial statements are reported in the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No material instances of noncompliance material to the financial statements of the Louisiana Symphony Association were disclosed during the audit.
4. A management letter was not issued regarding the current year's audit.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

1. Significant deficiency 2008-1

**LOUISIANA SYMPHONY ASSOCIATION**  
**BATON ROUGE, LOUISIANA**

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**  
**YEAR ENDED JUNE 30, 2008**

A. FINDINGS – FINANCIAL STATEMENT AUDIT:

2007-1 Repeat comment, see 2008-1

2007-2 During the audit, it was noted that temporarily restricted revenue was recorded as deferred revenue instead of restricted revenue. Additionally, we noted that a contra cash account was set-up to reflect restricted cash held. Although this may be helpful for internal reporting purposes, that accounting treatment is not in accordance with generally accepted accounting principles (GAAP). We recommend that management reclassify the revenue and reverse the contra cash account prior to closing the books at the end of the year in order to be in conformity with GAAP.

*Current Status: As of June 30, 2008, the Association reclassifies the temporarily restricted revenue from deferred revenue to restricted revenue at the close of each month's reporting.*

2007-3 During the audit, we assist management in recording the necessary adjustments relating to the beneficial interest in the League. GAAP requires that the net assets of the League be recorded on the Association's financial statements due to the ultimate disposition of the funds of the League benefiting the Association. The adjustment normally consists of reclassifying any revenue received from the League during the year from a donation type revenue account to the income from affiliate account and recording an adjustment for the net activity in the net assets of the League to the investment and income from affiliate account on the Association's financial statements. These adjustments are typically more than inconsequential to the Association's financial statements.

*Current Status: As of June 30, 2008, the Association records the beneficial interest in the net assets of the League as part of the year end closing.*

B. MANAGEMENT LETTER COMMENTS PRIOR YEAR:

None.